

KENTUCKY EARMARKED TAXES, RESTRICTED USE AND OFF-BUDGET FUNDS

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The Program Review and Investigations Committee is a 16-member bipartisan committee. According to KRS Chapter 6, the Committee has the power to review the operations of state agencies and programs, to determine whether funds are being spent for the purposes for which they were appropriated, to evaluate the efficiency of program operations and to evaluate the impact of state government reorganizations.

Under KRS Chapter 6, all state agencies are required to cooperate with the Committee by providing requested information and by permitting the opportunity to observe operations. The Committee also has the authority to subpoena witnesses and documents and to administer oaths. Agencies are obligated to correct operational problems identified by the Committee and must implement the Committee's recommended actions or propose suitable alternatives.

Requests for review may be made by any official of the executive, judicial or legislative branches of government. Final determination of research topics, scope, methodology and recommendations is made by majority vote of the Committee. Final reports, although based upon staff research and proposals, represent the official opinion of a majority of the Committee membership. Final reports are issued after public deliberations involving agency responses and public input.

FOREWORD

In June of 1992, the Program Review and Investigations Committee directed its staff to do an analysis of earmarked taxes, restricted use and off-budget funds. The resulting report was adopted by the Program Review and Investigations Committee in October, 1992, for submission to the Legislative Research Commission.

The report is the result of the time and effort of Mike Greenwell and Susie Reed. Our appreciation is also expressed to those agencies which contributed to the development of the data base for this report.

Vic Hellard, Jr.
Director

Frankfort, Kentucky
September, 1992

MEMORANDUM

TO: The Honorable Brereton C. Jones
The Legislative Research Commission
and Affected Agency Heads and Interested Individuals

FROM: Senator Susan Johns, Co-Chairman
Representative C. M. "Hank" Hancock, Co-Chairman
Program Review and Investigations Committee

DATE: March 25, 1992

RE: Program Evaluation: Kentucky Earmarked Taxes, Restricted
Use and Off-Budget Funds

Attached is the final report of a study of Kentucky's Earmarked Taxes, Restricted Use and Off-Budget Funds, directed by the Program Review and Investigations committee. This report compiles information on three categories of funds:

Earmarked Revenues
Off-Budget Funds, and
Restricted Agency Revenues

The funds, combined, total \$4 billion annually. From a budgeting standpoint, the restricted nature of these funds generally prevents their being channeled to new purposes and may perpetuate existing funding levels that are greater or lesser than actual need.

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REPORT SUMMARY

This report provides an analysis of restricted use funds. There are three categories of such funds:

- Earmarked Revenues (these are dedicated taxes or fees, the revenue from which must be used to fund the cost of specific programs, e.g., gasoline taxes used to fund highway programs);
- Restricted Agency Funds. These funds are defined as:
 - . . . all receipts from revenue and non-revenue sources of a budget unit restricted as to purpose by statute, including the budget act. The restricted purpose may be broad and general or specific and narrow. The permissible use of these resources may be discretionary and unrestricted as to obligation. Restricted funds may include financial accounting system fund types appropriated by the Legislature.
- Off-Budget Funds. No clear definition of these exists; practically-speaking, these are entities created for a defined purpose, e.g., housing or student loans; they are generally quasi-governmental entities:
 - Which don't receive a biennial appropriation in the state budget;
 - Whose funds are not credited to the state treasurer;
 - That operate under charter, bylaws or Articles of Incorporation, as an adjunct to an agency;
 - Which may be assigned to operate within a governmental agency but are not completely controlled by that budget unit;
 - Whose governing body may be appointed by the Governor and/or be determined by a government budget unit; and
 - Which may be defined by statute but are not declared by specific statute to be subject to a direct appropriation.

The restricted nature of these funds may prevent their being channeled to new purposes or may perpetuate existing program funding levels that are greater or lesser than actual need.

According to budget professionals, the negative aspect of dedicating funds to specific programs is that generated funds are rarely in line with program

need. For example, the Fireman's Fund, the Law Enforcement Fund, and the Dept. of Fish and Wildlife carry balances of several million dollars each year.

Earmarking in Kentucky has dropped from 46% of tax revenue in 1954 to 21% in 1988 (compared with 23% nationally). Most of Kentucky's earmarked funds are for highway programs. Kentucky is very similar to other states in its percentage of earmarked revenue and the uses of such revenue.

Agency restricted funds exceeded \$675 million in FY '91. These funds are generated and invested by 26 agencies and 53 executive branch boards, commissions and councils. A listing of the agencies and boards is found on page 15-23 of this report.

Entities receiving off-budget revenues tend to operate independently with the funds entrusted to them and it is difficult to identify fund balances, due to their limited reporting requirements. Some examples of off-budget agency funds are:

- County Sinking Fund (i.e. Hospital and Courthouse Bonds);
- Non-Expendable Trust Fund (Kentucky Historical Society);
- Legislative Research Commission (Ford Foundation Grant);
- General Government Cabinet (Agriculture Grain Insurance, AG Child Victims);
- Education & Humanities (EP & M School Reward);
- Tourism (Audubon Park Fund);
- Workforce Development Cabinet - Scholarship Trusts;
- Foundations within the public university systems, including athletic, scholastic, research and physical plants, and hospital and medical complex operating trusts;
- Credit union funds invested, out on loan, or held in cash;
- School Facilities Construction Commission bond proceeds;
- The Kentucky Housing Corporation bond proceeds invested, out on loan, or held in cash; and
- City/county housing authorities, which disburse federal HUD dollars regionally through private sector housing assistance or within publicly owned housing.

While the state annual and supplemental reports do provide information on agencies' fiscal year beginning and ending cash account balances and revenues received within the year, they do not reflect a true picture of all funds expended, invested, or under the control of these entities or agencies.

Many agencies deposit their receipts in the state's overnight investment pool, along with all other state revenues received by the state treasurer that are not allotted to another account. Periodically, the agencies request payment of investment income, based on an estimate of the amount of funds they have invested. The Office of Investment and Debt Management and the State Treasurer claim to pursue an aggressive investment program, maximizing investments within time and volume allowances to keep the state's dollars earning at their greatest potential. While this is the rightful mission of OIDM, it admits difficulty in determining specifically whose funds are invested and for how long. An agency may declare it has \$2 million in agency receipts invested with the State Treasurer during a quarter and request payment of investment income for that period. It may receive a return for the full \$2 million, even though it may in fact have expended 3/4 of the funds during the quarter. In other words, agencies receive interest income (periodically) based on recorded deposits, not average daily balances. Such an over-payment would be at the expense of other general fund proceeds in the overnight investment pool.

Two factors could explain why overpayment of investment income would not be easily detected:

- All investment income is new money, not reflected in any existing fund balance on record; or
- As the state acquires new revenues from taxes and fees (daily), these funds are moved to accounts for allotment or investment. Revenues collected could be invested overnight or for longer duration.

CHAPTER 1

INTRODUCTION

Not everything spent by state government is listed in the budget or comes out of the General Fund. Similarly, not all revenues received by the state are available to allocate in the areas of most critical need, as determined by the Legislature.

This report compiles information on three categories of funds administered by Kentucky state government agencies which are off-budget or earmarked for specific use and therefore unavailable for reallocation to other government purposes. These funds are categorized as:

Earmarked Revenues, taxes and user fees, the proceeds of which are dedicated to finance specific programs, such as a gasoline tax to fund highway construction;

Off-Budget Funds, those funds administered by either government or quasi-government agencies whose annual revenues and expenditures are not identified in the state budget; and

Restricted Agency Revenues, all receipts from revenues and non-revenue sources of an agency identified in the state budget that are restricted to their use by statute.

From a budgeting standpoint, the restricted nature of these funds may prevent their being channeled to new purposes or may perpetuate existing program funding levels that are greater or lesser than actual need.

Table 1.1 provides a breakdown of the general categories of funds which are restricted in use. Combined earmarked taxes, agency controlled receipts and those off-budget funds controlled by state or quasi-state agencies identified in this report total \$4 billion a year. This figure does not include state retirement systems funds, totaling an additional \$10.3 billion of off-budget funds. The state's annual debt service payments are \$568,000,000 for bonds, including \$155,000,000 for transportation bonds, to support a total bond indebtedness of \$3.7 billion.

Table 1.1

Restricted Revenues and Funds		
REVENUE	Dedicated taxes and fees*	\$727,000,000
FUNDS	A) Off budget quasi-government entity funds (including retirement systems)	\$12,028,385,126
	B) Restricted Agency funds (including Boards and Commissions)	\$1,398,597,822
	C) Debt service funds	<u>568,064,000</u>
	Total All Fees A - C	\$13,995,046,948

*includes fishing and hunting licenses (\$11,359,221) and motor boat registration licenses.

SOURCE: Compiled by Program Review staff from information received from the Kentucky State Treasurer.

CHAPTER 2

EARMARKED REVENUES

Earmarking or dedicating taxes and fees is the practice of requiring by law that the revenues generated from specific taxes or fees be used to fund the cost of specific programs. An example is the use of taxes generated from gasoline sales to fund highway programs.

While earmarking taxes has been practiced by states for many years, it has become the focus of renewed interest in states which face the need to raise revenues to meet the increasing cost of delivering governmental services.

Advocates of earmarking view it as a more politically expedient method of passing a tax increase, while insuring that revenues generated are not diverted to other programs. State budget directors and legislative budget committee members tend not to favor this practice because it removes the flexibility to move funds between programs, as needed, to balance the budget. This lack of flexibility can lead to problems during economic downturns, when revenues fall short of estimates and program costs increase.

According to budget professionals a negative aspect of dedicating funds to specific programs is that the revenues generated from earmarked sources are rarely in-line with the actual program needs. If the funds generated are insufficient the programs suffer without supplemental funding. If the earmarked funds are in excess of program needs the surplus can not be transferred easily (if at all) to other needy budget areas. As examples, the Fireman's Fund, the Law Enforcement Fund, and the Department of Fish & Wildlife all carry forward balances of several million dollars each fiscal year. They defend their ownership of these funds, and a need to reserve them for future expenditures, rather than release them back to the general fund for reallocation.

Earmarking in Kentucky

Kentucky has earmarked taxes and fees since before 1954. In that year 46% of Kentucky's tax revenue, compared to 51% nationally, was earmarked for specific programs or to recipient users, including local governments. In 1963 the KY percentage dropped to 29% of revenues earmarked, compared to 41% nationally. In 1984 only 16% of Kentucky tax revenues were earmarked, as compared to 21% nationally.

Kentucky Highways Receive the Bulk of Dedicated Revenues

Tables 2.1 and 2.2 show the taxes or fees in Kentucky that were earmarked in the years of 1984 and 1988 and the amount in dollars dedicated to specific programs or recipients.

Motor fuels or vehicle use taxes and fees make up the bulk of Kentucky's dedicated state revenues. Of the \$446 million in dedicated revenues shown in 1984, \$422 million, or 95%, was generated by motor fuels and vehicle uses. In 1988, motor fuels and vehicle use made up \$618 million of the \$720 million in dedicated state tax revenues, or 86%. These revenues are earmarked for construction or renovation of Kentucky's state highway infrastructure.

Table 2.1

**Earmarked Revenues in Kentucky
FY 1984**

TYPE OF TAX	TOTAL REVENUE EARMARKED	RECIPIENT
<i>Sales or Gross Receipts Taxes</i>		
Tobacco/Cigarettes	\$3,200,000	UK Tobacco Research
Pari-Mutuel/Racing	\$2,400,000	KY Standard bred Development Fund. KY Thoroughbred Development Fund. Equine Research Independent Fund.
<i>Highway User Taxes</i>		
Motor Fuels	\$422,000,000	State Highway Fund
Vehicle Usage		
Vehicle Registration		County & Municipal Roads
<i>Licenses</i>		
Motor Boat Registration	\$1,600,000	Water Patrol, D.N.R.
Fishing & Hunting	\$8,300,000	Dept. of Fish and Wildlife
<i>Miscellaneous Taxes</i>		
Coal Severance	\$3,800,000	Coal Road Fund, Debt Service Liquefaction/Gasification
Mineral, Gas Severance	\$4,600,000	Demonstration Project
<hr/>		
Total Dedicated Revenue	\$445,900,000	
Total Tax & Fee Revenue	\$2,798,700,000*	
Percentage Earmarked to Total	16.0%	

*As adjusted for comparison to the 50 states in NCSL study "Earmarking State Taxes", M. Fabricius & R. Snell.

SOURCE: Compiled by Program Review staff from information received from the Kentucky State Treasurer.

Table 2.2

**Earmarked Revenues in Kentucky
FY 1988**

TYPE OF TAX	TOTAL REVENUE EARMARKED	RECIPIENT
<i>Sales or Gross Receipts Taxes</i>		
Tobacco/Cigarettes	\$2,970,000	UK Tobacco Research
Pari-Mutuel/Racing	\$2,430,000	KY Standard bred Development. Fund.
Pari-Mutuel/Racing	\$630,000	KY Thoroughbred Development. Fund.
Pari-Mutuel/Racing	\$1,110,000	Equine Research Independent. Fund.
<i>Highway User Taxes</i>		
Motor Fuels	\$322,000,000	State Highway Fund
Vehicle Usage	\$191,000,000	State Highway Fund
Vehicle Registration	\$76,700,000	County & Municipal Roads
Miscellaneous	\$28,000,000	County & Municipal Roads
<i>Licenses</i>		
Motor Boat Registration	\$2,000,000	Water Patrol, D.N.R.
Fishing & Hunting	\$12,500,000	Dept. of Fish and Wildlife
<i>Miscellaneous Taxes</i>		
Coal Severance	\$48,000,000	Coal Road Fund, Debt Service Liquefaction/Gasification Demonstration Project
Mineral, Gas Severance		
Insurance Fees	\$28,000,000	Fire Fighters Law Enf. Fnd
Insurance Fees	\$4,500,000	Fire & Tornado Self-Ins. Fund
Total Dedicated Revenue	\$719,840,000	
Total Tax & Fee Revenue	\$3,740,291,000*	
Percentage Earmarked to Total	19.0%	

*If adjusted for comparison to the 50 states in NCSL study "Earmarking State Taxes", M. Fabricius & R. Snell. The actual 1988 tax base would \$3,556,640,000, excluding \$184,000,000 in state license fees collected in KY but not included in the NCSL study.

SOURCE: Compiled by Program Review staff from information received from the Kentucky State Treasurer.

Kentucky's License Fees and Other Agency Receipts

Taxes are not the only source of revenue levied by the state and earmarked for specific purposes. Several governmental agencies levy user fees or license fees authorized by law. Often these are identified within Kentucky's executive budget as agency receipts. Another source of revenue is the Kentucky Lottery.

According to the "1990 Revenue Estimates and Initiatives," some \$350 million in licenses, fees, and privilege taxes were collected for FY 1988.

FY 1990 - 1992 Agency Receipts May Total \$1.3 Billion

The 1990 -1992 Executive Budget estimates agency receipts at \$607 million for FY 1990, including current receipts and balances forwarded. Estimated receipts alone amount to \$512 million. This figure does not include \$642 million in road funds, \$49 million in KY Turnpike Authority bond funds, or \$642 million in Higher Education agency receipts. Combined, these estimated receipts amount to \$1.3 billion generated for specific agency use. While not included and considered as earmarked taxes in national studies, these funds, generated and controlled by the agencies within state governments, represent a considerable amount of the states' revenues. These funds are not available to be moved to other areas of government where needs are identified without legislative intervention.

National Trends

The National Conference for State Legislatures has generated two studies (May, 1987 & Sept., 1990) entitled "Earmarking State Taxes," which compare the taxes and programs earmarked within the fifty states since 1954.

Dedicated Tax Revenues Within the States Has Levelled off at 23%

The NCSL study surveyed the 50 states to determine the extent of revenue earmarking within the states, and to identify those taxes and the programs receiving the dedicated funds. Table 2.3 lists the proportions of states and tax revenues earmarked for fiscal years 1954, 1963, 1979, 1984, and 1988.

Nationally, the percentage of earmarked state tax revenues has dropped from 51% in 1954 to 23% in 1979 and 1988. While the percentage of revenues earmarked for specific programs dropped 28% in the 25 years between 1954 and 1979, it has remained relatively constant in the ensuing 10 years, with only a slight upturn nationally from 21% in 1984 to 23% (16% to 19% in Kentucky) in 1988.

Between 1984 and 1988 we find 22 states increasing the proportion of revenues earmarked, while 21 states decreased and 3 remained the same.

Table 2.3
Dedicated State Taxes Proportion of Revenues
Earmarked to Specific Programs
Fiscal Years 1954, 1963, 1979, 1984 and 1988

STATE	1954	1963	1979	1984	1988
<i>New England</i>					
Connecticut	26%	23%	0%	1%	12%
Maine	46%	39%	19%	20%	17%
Massachusetts	56%	54%	41%	40%	N/A
New Hampshire	53%	54%	31%	24%	24%
Rhode Island	6%	4%	0%	1%	5%
Vermont	42%	39%	23%	23%	12%
<i>Mid Atlantic</i>					
Delaware	0%	3%	0%	5%	7%
Maryland	47%	40%	34%	24%	20%
New Jersey	7%	2%	25%	39%	36%
New York	13%	10%	0%	6%	N/A
Pennsylvania	41%	63%	15%	15%	14%
<i>Great Lakes</i>					
Illinois	39%	43%	14%	18%	21%
Indiana	49%	39%	43%	33%	30%
Michigan	67%	57%	38%	39%	35%
Ohio	48%	48%	21%	18%	19%
Wisconsin	63%	61%	N/A	12%	12%
<i>Plains</i>					
Iowa	51%	44%	19%	13%	21%
Kansas	77%	66%	29%	25%	21%
Minnesota	73%	74%	12%	13%	14%
Missouri	57%	40%	20%	29%	30%
Nebraska	55%	53%	41%	29%	22%
North Dakota	73%	43%	29%	21%	22%
South Dakota	59%	54%	33%	32%	27%
<i>Southeast</i>					
Alabama	80%	87%	88%	89%	89%
Arkansas	41%	36%	21%	18%	17%
Florida	40%	39%	28%	28%	26%
Georgia	29%	22%	11%	9%	8%
Kentucky	46%	29%	N/A	16%	19%
Louisiana	85%	87%	5%	4%	9%
Mississippi	40%	37%	N/A	30%	26%
North Carolina	38%	30%	20%	8%	14%
South Carolina	69%	62%	56%	55%	44%

Table 2.3 Continued
Dedicated State Taxes Proportion of Revenues
Earmarked to Specific Programs
Fiscal Years 1954, 1963, 1979, 1984 and 1988

STATE	1954	1963	1979	1984	1988
<i>Southeast Continued</i>					
Tennessee	72%	77%	60%	61%	66%
Virginia	39%	32%	27%	24%	25%
West Virginia	57%	39%	21%	21%	20%
<i>Southwest</i>					
Arizona	47%	51%	31%	29%	32%
New Mexico	80%	31%	36%	44%	47%
Oklahoma	62%	59%	N/A	43%	24%
Texas	81%	66%	54%	20%	24%
<i>Rocky Mountain</i>					
Colorado	75%	51%	17%	25%	18%
Idaho	51%	44%	38%	32%	25%
Montana	61%	53%	55%	60%	72%
Utah	74%	62%	52%	48%	N/A
Wyoming	61%	64%	54%	69%	N/A
<i>Far West</i>					
Alaska	N/A	6%	1%	2%	9%
California	42%	28%	12%	13%	12%
Hawaii	N/A	7%	5%	5%	6%
Nevada	55%	35%	34%	52%	49%
Oregon	47%	36%	23%	19%	23%
Washington	35%	30%	29%	26%	29%
Percent of Total Taxes Nationally Earmarked*	51%	41%	23%	21%	23%

*The total amount of taxes and fees collected nationally that were earmarked to specific programs. This is not an average of these states' percentage.

NOTE: N/A - not available.

SOURCE: 1954 and 1963, Tax Foundation, Earmarked State Taxes; Prepared by the Program Review staff from data provided by the National Conference for State Legislatures, "Earmarking State Taxes", Sept. 1990. Amended by Program Review staff to include Kentucky data.

Dedicated Tax Revenues Are Similar Across States

Generally those programs receiving dedicated taxes and fees in the other states are similar to those in Kentucky. Table 2.4 shows a summary of the major state taxes earmarked and where funds were used in fiscal year 1988. Of the 13 major revenue-producing categories listed, 9 are representative of tax or fee categories dedicated to specific purposes in Kentucky. Additionally, of the 9 major program categories receiving earmarked funds, 7 of these categories include Kentucky.

Of the 46 states (Appendix B), motor fuel and vehicle registration taxes were earmarked by 45 and 35 states respectively. Alcoholic beverage taxes were earmarked by 29 states, while 26 and 27 states dedicated general sales and insurance taxes respectively.

Appendix A provides a breakdown by state and region of the types and percentage of taxes dedicated. The recipients of those dedicated proceeds are also indicated. Kentucky did not respond to the NCSL survey and was omitted from this table. However, Tables 2.1 and 2.2 can provide the detail on Kentucky's earmarked revenues. Most states earmark motor vehicle and fuel taxes for highway construction. In Kentucky, these taxes make up the bulk of dedicated revenues.

Table 2.4

Dedicated State Taxes
Number of States Earmarking Taxes to Specific Programs
By Tax and Purpose
Fiscal Year 1988

(Shaded numbers indicate Kentucky is included in that column)

	General Sales	Tobacco	Alcoholic Beverage	Insurance	Public Utilities	Pari- Mutuel	Personal Income	Corp. Income	Motor Fuel	Vehicle Reg.	Operator License	Property	Severance
States Levying Taxes	41	46	46	46	40	30	40	43	46	46	46	40	36
States Earmarking Taxes	26	25	29	27	12	12	15	14	45	35	19	10	22
Purposes													
Local Gov.	13	10	22	8	4	5	9	9	18	14	6	4	15
Education	10	8	6	4	4	1	4	3	1	4	1	5	7
Highways/Mass Transit	10		2	2				1	45	32	16		2
Health/Welfare	1	9	15	2	1	2					1	1	
Pensions	1	2	2	10					1		1	1	1
Conservation	3	2							2			1	5
Debt Service/ Building Fund	5	4	2			2	3	2	4	1		3	2
Regulation		1	3	6	3	2		1	2				2
Other	7	5	8	6	1	9	2	3	5	4	3	1	10

SOURCE: Prepared by Program Review staff. Data for states other than Kentucky was provided by the National Conference for State Legislatures, "Earmarking State Taxes," Sept. 1990.

CHAPTER 3

RESTRICTED AGENCY FUNDS

Restricted funds are defined in the 1992/94 Budget Request Manual as:

. . .all receipts from revenue and non-revenue sources of a budget unit restricted as to purpose by statute, including the budget act. The restricted purpose may be broad and general or specific and narrow. The permissible use of these resources may be discretionary and unrestricted as to obligation. Restricted funds may include financial accounting system fund types appropriated by the Legislature.

These funds include: agency revenue funds (13), enterprise funds, internal services funds, workers' compensation funds, and selected expendable trust funds.

Generally these restricted funds are generated from fees, service charges, sales or rental income, tuition, donations, grants or receipts from private sources and fiduciary funds held by state agencies in trust.

Agency Restricted Funds Exceeded \$675 Million in FY '91

The Commonwealth of Kentucky Comprehensive Annual Financial Report and the Supplemental Information Report identify the funds of state agencies, boards and commissions that are administered, invested, or deposited by the state. The funds of state agencies identified as restricted are expended or invested by the agencies somewhat independently, with little control by the Governor or Legislature. The 26 agencies listed in Table 3.1 as having restricted funds show a 1990 - 1991 fiscal year ending balance of \$68 million. There was an additional \$66 million in funds invested by those agencies.

Operations of boards, commissions, and councils are more independent of state government control than those of other state agencies. Their funds are also less affected by controls of the Governor or the Legislature. Generally their

funds are derived from licenses and fees collected from the professions or industries with which they are associated.

In June 1991, there were 53 executive branch boards, commissions or councils which were administrators for restricted agency revenue funds, including 28 boards and 11 commissions in Kentucky. These boards and commissions, listed in Table 3.2, had an ending balance of \$21.5 million. There was an additional \$2 million in funds invested by the state Office of Investment and Debt Management in the name of those boards and commissions. Table 3.2 shows that \$29.6 million in restricted funds were received by boards and commissions in FY 1991.

Table 3.1

**Restricted State and Agency Revenue Funds
(Less Boards and Commissions)
Fiscal Year Ending June 1991**

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	June 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
1	FINANCE/FACILITIES MGMT/PROPERTY FUND	12,165,786	10,881,845	0	2,249,567
2	FINANCE/CENTRAL PRINTING FUND	559,104	4,832,184	0	1,020,982
3	FINANCE/PRISON INDUSTRIES FUND	3,632,961	12,517,467	0	6,844,711
4	FINANCE/TELECOMMUNICATIONS FUND	2,301,318	12,445,474	0	1,303,495
5	CENTRAL STORES FUND	135,196	7,780,254	0	96,356
6	FINANCE/STATE SURPLUS PROPERTY *	98,400	299,900	0	123,900
7	FINANCE/FEDERAL SURPLUS PROPERTY *	0	810,200	0	82,400
8	FINANCE/OCCUPATIONS & PROFESSIONS *	4,300	148,600	0	14,200
9	COMPUTER SERVICES FUND - FIN. & ADMN.	826,040	28,545,649	0	1,218,596
10	OTHER ENTERPRISE FUND - KY HORSE PARK	573,051	3,596,375	0	295,723
11	INDUSTRIES FOR THE BLIND	245,653	1,439,860	0	145,465
12	STATE FAIR BOARD	1,014,785	21,582,920	0	1,793,768
13	STATE PARKS FUND - (Incl. Parks Receipts)	4,154,353	35,682,691	0	3,702,471
14	AGENCY REVENUES FUNDS				
A	LEGISLATIVE RESEARCH COMM-GEN ASSEMBLY	34,664	504,531	0	504,958
B	JUDICIAL CABINET- PVA - PROPERTY TAX	7,430	3,668	0	11,099
C	GENERAL GOVERNMENT				

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	June 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
	1) DEPT. OF AGRICULTURE	1,152,246	806,244	860,000	1,220,709
	2) ATTORNEY GENERAL	455,134	4,199,187	0	898,595
	3) AUDITOR OF PUBLIC ACCOUNTS	614,577	2,780,684	0	631,193
	4) MILITARY AFFAIRS	357,500	1,049,891	0	359,128
	5) KY RETIREMENT SYSTEM ADMINISTRATION	170,290	7,502,000	0	939,941
	6) DEPT. LOCAL GOVERNMENT	1,473	1,777,298	0	1,388,245
	7) STATE TREASURER	245,707	166,600	0	250,878
	8) DEPT. OF PERSONNEL	872,209	10,197,246	0	649,048
E	JUSTICE CABINET				
	1) ADMIN.	816,725	894,774	0	651,975
	2) STATE POLICE	605,925	3,337,287	0	1,353,644
	3) DEPT. OF CRIMINAL JUSTICE - TRAINING	8,370,837	18,026,373	0	8,649,685
F	EDUCATION & HUM. CABINET				
	1) DEPARTMENT OF EDUCATION	1,495,309	1,736,632	0	923,282
	2) KY EDUCATIONAL TELEVISION	176,703	901,039	0	362,069
	3) KY HISTORICAL SOCIETY	258,416	314,713	0	236,286
	4) DEPT. LIBRARIES & ARCHIVES	773,840	774,481	0	685,164
	5) KY TEACHERS RETIREMENT BD OF TRUSTEES	336,380	2,744,100	0	75,881
G	NATURAL RES. & ENVIRONMENTAL PROTECTION CABINET	19,251,454	25,609,250	7,271,000	34,341,104
H	TRANSPORTATION CABINET Recd 296,945,204 in Bond Funds	369,378	47,602,708	0	227,208
I	CABINET FOR ECONOMIC DEVELOPMENT	609,941	1,201,716	2,745,000	419,079
	1) PUBLIC ADVOCATE	78,552	470,020	0	180,711
	2) DEPT. ALCOHOLIC BEV. CONTROL	1,156	2,989	0	1,858
	3) DEPT. FINANCIAL INSTITUTIONS	2,031,414	4,795,384	0	2,068,986
	4) DEPT. HOUSING BLD & CONST (Incl. Fire Ftrs Fd \$22,000,000)	12,767,088	21,656,650	0	14,489,380
	5) DEPARTMENT OF INSURANCE	2,020,439	7,904,681	0	2,166,022
	6) DEPT. MINES & MINERAL				
J	CABINET FOR HUMAN RESOURCES				
	1) OFFICE OF SEC.	3,943	190,394	0	4,959

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	June 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
	2) PERSONNEL MGMT..	2,602	621,851	0	38,404
	3) BUILDING LEASE COST	28,599	396,517	0	53
	4) COMMUNICATION	2,296	141,513	0	383
	5) ADMINISTRATIONS SERVICES	207,367	1,765,202	0	42,518
	6) GENERAL COUNCIL	37,279	621,675	0	61,610
	7) INSPECTOR GENERAL	228,015	2,338,969	0	971,533
	8) POLICY/BUDGET	2,102	357,873	0	32,967
	9) OMBUDSMAN	157,842	205,166	0	156,430
	10) MENTAL HEALTH & MENTAL RETARDATION SERVICES	8,813,733	48,894,655	0	3,724,043
	11) HEALTH SUPPORT	331,627	10,166,881	0	379,988
	12) EMPLOYMENT SERVICES	82	1,931,818	0	0
	13) SOCIAL INSURANCE	917,014	9,483,948	0	1,563,967
	14) MEDICAID A) Administration	0	190,841	0	175,414
	B) Benefits	0	74,649,103	0	151,885
	15) SOCIAL SERVICES	1,225,944	3,049,159	0	1,909,547
K	FINANCE & ADMINISTRATION				
	1) CAPITAL PLAZA AUTHORITY	196,678	376,878	0	207,619
	2) HIGHER EDUCATION ASSISTANCE AUTHORITY	128,644	10,443,688	0	557,910
	3) OFFICE OF FINANCIAL SECRETARY *INVESTMENT POOL	-104,698,179	9,828,813	92,070,000	-85,873,839
	4) MGMT. & FISCAL AFFAIRS	112,647	40,033	0	140,392
	5) HISTORIC PROPERTIES	12,334	39,450	0	35,199
	6) SOCIAL SECURITY OPERATIONS	288,940	486,300	0	536,568
	7) UNREDEEMED CHECKS	392,610	54,113	0	443,278
	8) DEPT. OF ADMINISTRATION (incl. surplus property)	254,624	1,504,286	0	342,337
	9) GOVERNMENTAL SERVICE CENTER (KSU)	401,226	1,218,577	0	31,631
	10) FACILITIES MGMT.	4,927	1,545,981	0	28,105
L	CORRECTIONS CABINET				
	1) ADMINISTRATIVE SERVICES	26,859	2,457	0	2,841
	2) OFFICER TRAINING	3,264	8,775	0	7,120

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	June 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
	3) DEPT. COMMUNITY SERVICES - Jeff Co. Probation Program	43,871	409,753	0	138,990
	4) DEPT. OF ADULT INSTITUTIONS				
	A) KSR	49,713	133,380	0	22,971
	B) KSP	4,665	94,044	0	46,635
	C) BLACKBURN CC	30,929	145,289	0	82,400
	D) BELL CO. FORESTRY COMP	31,185	142,682	0	134,229
	E) KY COR. INSTITUTION FOR WOMEN	63,349	252,589	0	17,899
	F) FRANKFORT CDC	62,167	179,692	0	148,697
	G) EKCC	8,276	90,461	0	88,299
	H) WKCC	15,250	165,933	0	94,683
	I) ROEDERER CC	53,590	169,424	0	48,420
	J) LLCC	101,546	186,552	0	254,028
	K) NORTH POINT TC	37,459	231,926	0	45,622
M	TOURISM CAB - FISH & WILDLIFE	3,253,659	16,741,835	0	3,008,729
N	LABOR CABINET & GEN. ADMIN. & SUPPORT	493,452	1,928,178	0	235,267
O	CABINET FOR UNIVERSITIES				
	1) EASTERN KY UNIVERSITY	15,490,384	53,151,176	11,838,000	7,352,503
	2) KY STATE UNIVERSITY	4,669,585	12,751,987	0	5,428,986
	3) MOREHEAD STATE UNIVERSITY	4,669,585	12,751,987	155,212	5,428,986
	4) MURRAY STATE UNIVERSITY	343,846	30,795,035	11,655,850	2,627,134
	5) NKU	10,012,028	28,489,964	5,532,204	849,748
	6) U of K	11,003,557	322,056,283	8,164,200	5,635,753
	7) U of K COMMUNITY COLLEGES	3,183,470	27,835,278	0	306,784
	8) U of L	2,460,481	50,206,387	24,254,000	26,666,989
	9) WESTERN KU	3,474,999	38,007,743	4,250,000	3,350,369
P	CABINET WORKFORCE DEVELOPMENT	2,909,863	25,629,705		3,341,249
	1) DEPT. FOR THE BLIND	413,394	905,133		419,121
	2) DEPT. ADULT & TECHNICAL EDUCATION	1,304,416	22,680,526		1,436,322

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	June 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
	3) DEPT. VOCATIONAL REHABILITATION	1,061,670	1,894,438		1,293,033
	TOTAL AGENCY REVENUE FUNDS	53,915,142	1,136,105,861	168,795,466	86,754,470
	OTHER COMMITTED FUNDS				
1	CAPITAL PROJECTS FUND (Including Universities)	43,949,555	1,336,791,276	325,113,359	19,916,871
2	FEDERAL FUNDS	43,084,061	2,175,529,477		45,402,644
3	DEBT SERVICE FUND (ON BOND ISSUES)	9,358,865	2,480,715,150	3,189,000	55,393,722
4	TRANSPORTATION FUND	611,336,118	1,526,826,278	354,150,000	699,825,871
	SUB TOTAL	707,728,599	7,519,862,181	682,452,359	820,539,108
	GRAND TOTAL	761,643,741	8,655,968,042	851,247,825	907,293,578

SOURCE: Prepared by Program Review staff from data provided by the Finance & Administration Cabinet including "The Commonwealth of Kentucky Comprehensive Annual Financial Report," "The Supplemental Information Report to the KY CAFR," FAC, Div. of Accounts' "2170 Report," "Annual Report KY Retirement Systems," and Agency Budget Request Form D.

Table 3.2

**Boards, Commissions and Councils
Restricted State Agency Revenue Funds
Fiscal Year Ending June, 1991**

AGENCY		JUNE, 1990 BEGINNING FUND BALANCES	FY 1990/91 TOTAL CASH RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	CASH ENDING BALANCE JUNE, 1991
1	BOARD OF ACCOUNTING	\$265,780	\$376,488	0	\$283,367
2	BOARD OF AUCTIONEERS	\$95,240	\$271,397	\$493,000	\$683,414
3	BOARD OF BARBERING	\$10,101	\$128,217	\$0	\$18,077
4	BOARD OF CHIROPRACTIC EXAMINERS	\$53,245	\$75,046	\$0	\$60,403
5	BOARD OF DENTISTRY	\$52,138	\$164,598	\$0	\$48,427
6	BOARD OF DIETITIANS & NUTRITIONISTS	\$7,479	\$14,526	\$0	\$16,369
7	BOARD OF ELECTIONS	\$141,650	\$95,678	\$0	\$42,617
8	BOARD OF EMBALMERS & FUNERAL HOME DIRECTORS	\$120,180	\$119,010	\$0	\$117,191
9	BOARD OF EXAMINERS & REGISTRATION OF ARCHITECTS	\$73,148	\$88,785	\$0	\$77,744
10	BOARD OF LANDSCAPE ARCHITECTS	\$21,355	\$21,693	\$0	\$17,412
11	BOARD OF EXAMINERS OF PSYCHOLOGISTS	\$14,790	\$93,208	\$0	\$41,579
12	BOARD OF EXAMINERS FOR SOCIAL WORKERS	\$26,433	\$98,984	\$0	\$55,222
13	BOARD OF HAIRDRESSERS & COSMETOLOGISTS	\$1,139,498	\$528,877	\$0	\$1,193,500

	AGENCY	JUNE, 1990 BEGINNING FUND BALANCES	FY 1990/91 TOTAL CASH RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	CASH ENDING BALANCE JUNE, 1991
14	BOARD OF LICENSURE OF HEARING AID DEALERS	\$2,270	\$30,226	\$0	\$6,897
15	BOARD OF LICENSURE OF NURSING HOME ADMINISTRATORS	\$53,439	\$50,497	\$0	\$56,839
16	BOARD OF MEDICAL LICENSURE	\$805,609	\$835,758	\$0	\$793,471
17	BOARD OF NURSING	\$889,905	\$1,776,046	\$0	\$315,678
18	BOARD OF OPTOMETRIC EXAMINERS	\$32,149	\$60,514	\$0	\$28,964
19	BOARD OF OCCUPATIONAL THERAPY	\$19,381	\$20,220	\$0	\$25,456
20	BOARD OF RESPIRATOR CARE PRACTITIONERS	\$0	\$122,795	\$0	\$99,648
21	PERSONNEL BOARD	\$8,019	\$128	\$0	\$8,147
22	BOARD OF PHARMACY	\$457,574	\$366,080	\$0	\$427,308
23	BOARD OF PHYSICAL THERAPY	\$68,038	\$165,737	\$0	\$138,166
24	BOARD OF PODIATRY	\$22,002	\$9,300	\$0	\$25,088
25	REAL ESTATE APPRAISERS BOARD	\$0	\$176,861	\$0	\$66,861
26	BOARD REGISTRATION FOR PROFESSIONAL ENGINEERS &/LAND SURVEYORS	\$341,162	\$374,121	\$0	\$322,035
27	BOARD OF SPEECH PATHOLOGY & AUDIOLOGY	\$47,409	\$28,663	\$0	\$50,530
28	BOARD OF VETERINARY EXAMINERS	\$12,613	\$73,469	\$0	\$19,434
29	STATE BOARD FOR PROPRIETARY EDUCATION	\$130,382	\$130,243	\$0	\$175,325
30	ATHLETIC COMMISSION	\$8,375	\$66,127	\$0	\$20,282

AGENCY		JUNE, 1990 BEGINNING FUND BALANCES	FY 1990/91 TOTAL CASH RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	CASH ENDING BALANCE JUNE, 1991
31	SCHOOL FACILITIES CONSTRUCTION COMMISSION (Does not include bond funds for School Building construction \$91,000,000)	\$3,175	\$0	\$0	\$645
32	HUMAN RIGHTS-COMMUNITY ORGANIZATION	\$1,054	\$202	\$0	\$1,255
33	REAL ESTATE COMMISSION	\$1,205,630	\$1,491,148	\$1,000,000	\$1,261,851
34	KY COMMISSION ON WOMEN	\$2,103	\$11,541	\$0	\$8,292
35	COUNCIL ON HIGHER EDUCATION COUNSELORS DESK BOOK	\$8,038	\$9,299	\$0	\$4,610
36	GOPM - BUDGET & POLICY ANALYSIS	\$133,405	\$9,422	\$0	\$142,828
37	GOV. OFFICE OF COAL & ENERGY POLICY DEVELOPMENT	\$119,696	\$36,825	\$0	\$135,524
38	GOV. OFFICE - SPECIAL RETIREMENT COMM.	\$12,306	\$0	\$0	\$12,306
39	COMMISSION ON DEAF & HEARING IMPAIRED	\$119	\$0	\$0	\$119
40	KY ORAL HISTORY COMMISSION	\$1,556	\$30	\$0	\$1,586
41	KY HERITAGE COUNCIL (Historic Preservation)	\$20,822	\$46,632	\$0	\$24,317
42	EDUCATION & HUMANITIES CAB. - SCHOOL PERFORMANCE STANDARDS COUNCIL	\$5,145	\$0	\$0	\$5,145
43	ENVIRONMENTAL QUALITY COMM	\$2,624	\$0	\$0	\$2,624
44	KY NATURE PRESERVES COMM	\$232,852	\$184,872	\$0	\$302,625
45	PETROLEUM STORAGE TANK ENVIRONMENT ASSURANCE FUND COMMISSION	\$0	\$10,760,558	\$0	\$10,361,137

AGENCY		JUNE, 1990 BEGINNING FUND BALANCES	FY 1990/91 TOTAL CASH RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	CASH ENDING BALANCE JUNE, 1991
46	PUBLIC PROTECTION & NATURAL RESOURCES CABINET - BOARD OF CLAIMS CRIME VICTIMS COMP. BOARD	\$285,553	\$803,406	\$0	\$572,609
47	BACKSIDE IMPROVEMENT COMM.	\$355,374	\$532,614	\$0	\$715,862
48	KY HARNESS RACING COMMISSION	\$860,522	\$777,015	\$0	\$815,171
49	PUBLIC SERVICES COMMISSION ENGINEERING SERVICES	\$20,565	\$49,008	\$0	\$8,121
50	KY RACING COMMISSION	\$262,992	\$7,214,766	\$0	\$1,229,737
51	CHR - COMMISSION FOR HEALTH ECONOMIC CONTROL IN KY	\$112,033	\$226,776	\$0	\$210,245
52	CHR - COMMISSION ON HANDICAPPED CHILDREN	\$45,227	\$1,070,051	\$0	\$415,223
53	GOV. COMMISSION ON LITERACY	\$0	\$22,366	\$0	\$17,447
54	GOV. OFFICE - BICENTENNIAL COMM.	\$57,365	\$11,010	\$0	\$59,133
TOTALS		\$8,667,520	\$29,620,833	\$1,493,000	\$21,543,863

SOURCE: Prepared by Program Review staff from data provided by the Finance & Administration Cabinet, including "The Commonwealth of Kentucky Comprehensive Annual Financial Report," "The Supplemental Information Report to the KY CAFR," FAC, Div. of Accounts' "2170 Report," "Annual Report KY Retirement Systems."

CHAPTER 4

OFF-BUDGET FUNDS

Within the framework of Kentucky governmental finance there are revenues generated and expended by units of government that are either not included in the biennial budget or are unavailable to be reallocated to other governmental purposes by the Legislature. This chapter reports on those fund sources and fund pools, which are administered by both state and quasi-state agencies or entities. These non-appropriated revenues are not part of the state tax base and are therefore unavailable for reallocation to other essential governmental services that are not sufficiently funded. These revenues are administered at the discretion of the controlling entities, with limited legislative oversight.

No clear definition of off-budget entities exists in the Kentucky Statutes, Administrative Regulations, the State Budget or the Budget Manual. Practically speaking these are entities created for a defined purpose, e.g., housing or student loans.

Generally they are quasi-governmental entities:

- which don't receive a biennial appropriation in the state budget;
- whose funds are not credited to the state treasurer;
- that operate under charter, bylaws, or Articles of Incorporation, as an adjunct to an agency;
- which may be assigned to operate within a government agency but are not completely controlled by that budget unit;
- whose governing body may be appointed by the Governor and/or be determined by a government budget unit; and
- which may be defined by statute but are not declared by specific statute to be subject to a direct appropriation.

The legislature may exercise some control through statutory creation and appointment determination, but these entities tend to operate independently with the funds entrusted to them.

Any surplus moneys remain within the agency. They are deposited in cash accounts or interest bearing accounts, increasing in balance until the agency chooses to expend them. In some instances agencies could declare unexpended funds surplus and allow them to lapse to the General/Surplus Fund Account or other fund source from which they were appropriated, as specified in KRS Chapters 45 and 48.

It is difficult to identify fund balances and fund expenditures for off-budget entities, due to their limited reporting requirements. If the Finance and Administration Cabinet has responsibility for deposit or investment of any of the agencies' program funds, or the issuance of bonds, then the FAC Division of Accounts maintains some accounting of their transactions and funds. The list of funds administered by off-budget entities shown in Table 4.1 includes all funds that are deposited, invested, or accounted for by the state treasurer or the Finance Cabinet's Division of Accounts or Office of Financial Management and Economic Analyses. Additional entities and their funds have been included where identified by Program Review staff. Fund balances or projected cash receipts for several of the agencies listed in Table 4.1 should not be construed as gross totals. Other funds could be administered outside of those acknowledged by the reporting systems referenced above. Most notable of these would be the various foundations associated with the state's universities.

Table 4.1

Off-Budget Entities
Restricted Funds of Quasi-Governmental Entities Unavailable for
Reallocation to Other Agencies
Fiscal Year Ending June 1991

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
1	SPECIAL DEPOSIT TRUST FUND				
	A Judicial Cabinet	6,584	6,584	0	6,584
	B Revenue	8,903,617	8,903,167	0	8,903,167
	C General Government	2,225,930	2,225,930	0	2,225,930
	D Natural Resources & Ev. PC	5,787,984	5,787,984	0	5,787,984
	E Transportation	16,944,410	16,944,410	0	16,944,410
	F Public Protection & Reg.	4,677,358	21,116,858	0	964,472
	G Cabinet Human Resources	6,131,261	6,131,261	0	6,131,261
	H Finance & Administration	(43,996,591)	216,935,071	45,228,000	(29,384,951)
	I Labor Cabinet	448,458	448,458	0	448,458
2	COUNTY SINKING FUND (i.e. Hospital & Courthouse Bonds)	3,050,687	8,202,687	0	3,052,687
3	NON-EXPENDABLE TRUST FUND (KY Historical Soc.)	14,729	41,904	14,070	14,375
4	EXPENDABLE TRUST FUND				
	A Legislative Research Commission - (Ford Foundation Grant)	78,003	78,003	0	62,166
	B Revenue - (Workers' Comp)	85,140,441	287,473,429	10,400,000	69,761,911

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
	C General Government Cab - (Agric Grain Ins - AG Child Victims)			3,200,000	
	D Military Affairs VA Programs - Sec. St. Essay Contest)	573,107	10,736,611	0	2,675,049
	E Education & Humanities - (EP & M School Reward)	241,127	16,394,855	0	1,185,721
	F Human Resources - Funds - CETA Program - Energy Assistance	2,894,005	59,597,359	44,362,000	7,167,730
	G Finance & Adm. Trust Fund Invest. Unredeemed checks	(39,992,403)	171,640,012	40,000,000	74,757,732
	H Tourism Audubon Park Fund	62,811	62,811	0	62,811
	I Labor - Workplace standards - Workers' claims	3,879,470	110,041,071	0	4,150,939
	J Workforce Development Cabinet - Scholarship Trusts	2,831	31,146	0	21,268
5	UNEMPLOYMENT COMP FUND - CHR -(Less funds invested)	76,819	506,245,322	0	686,065
6	FIRE & TORNADO INSURANCE FUND	5,000,000	8,467,945	0	5,000,000
7	KY EMPLOYEE RETIREMENT FUND INSURANCE FUND	2,659,414	41,478,728	65,224,901	376
8	COUNTY EMPLOYEE RETIREMENT FUND	741,733	486,156,459	1,238,491,271	252,862
9	KY RETIREMENT SYSTEMS (Employee Employer Contributions & Investment)	1,742,220	282,620,200	1,850,232,880	2,970,839
10	LEGISLATIVE RETIREMENT FUND (Includes Funds Invested or Expended)	17,786	2,383,210	18,086,654	23,828
11	JUDICIAL RETIREMENT FUND (Less Funds Invested)	6,608	8,346,660	78,286,350	31,277
12	TEACHER RETIREMENT FUND	16,303,268	1,368,261,965	3,988,201,910	6,972,418
13	STATE POLICE RETIREMENT FUND & INVESTED BALANCES (Employee/employer contributions)	163,499	221,570,429	149,524,366	407,325
14	OTHER SPECIAL REVENUE FUND				
	A LEGISLATIVE RESEARCH COMM. - SALES TO PUBLIC	996,982	165,246	0	861,115
	B JUDICIAL RETIREMENT SYSTEM	46,427	56,037	0	41,424
	C REVENUE - DEPT. OF TAX COMPLIANCE	53,630	44,481,646	0	82,670
	D GENERAL GOVERNMENT	16,735,725	9,511,773	0	15,687,632

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES		BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
E	EDUCATION & HUMANITIES - SCHOOL FOR THE BLIND	988,102	266,195	0	547,939
F	NATURAL RESOURCES & ENVIRONMENTAL PROTECTION CABINET	219,202	3,394,417	0	1,940,064
G	TRANSPORTATION	417,505	101,961	0	429,926
H	ECONOMIC DEVELOPMENT CABINET KY DEVELOPMENT FINANCE AUTHORITY (KDFA)	55,552	3,833,887	15,228,000	2,077,282
I	PUBLIC PROTECTION & REG. CAB. - DEPT. OF INSURANCE & PUBLIC ADVOCACY	68,041	7,884,173	3,749,000	436,135
J	CABINET HUMAN RESOURCES - (Includes funds reimbursed like Medicaid from FED)	9,069,813	97,948,873	1,700,000	27,273,332
K	FINANCE & ADMIN. CABINET				
	1) COMMONWEALTH CREDIT UNION TELECOMMUNICATIONS (Rental Income)	9,807	50,000	0	5,304
	2) LOTTERY CORP	28,506	0	0	20,419
	3) KY HIGHER EDUCATION ASSISTANCE AUTHORITY	432,387	216,661	0	559,818
	4) KY HOUSING CORP	16,914	80,130	0	9,061
	5) TURNPIKE AUTHORITY OF KY	2,693,477	8,460,868	91,000,000	19,871,579
	6) OFFICE OF SEC. - BOND CLEARING ACCOUNT & OTHER	21,644,330	4,923,789	30,440,000	67,455,831
	7) OFFICE MGMT. FISCAL AFFAIRS/POSTAGE MESSENGER	130,240	2,855,106	0	4,489
	8) HISTORIC PROPERTIES	19,345	6,890	0	26,165
	9) STATE OFFICE SOCIAL SECURITY	3,760,052	23,517	230,000	3,000,000
	10) KY LOCAL JAIL AUTHORITY	0	4,132,148	0	0
	11) KY INFRASTRUCTURE AUTHORITY - WASTE WATER REVOLVING LOAN PROGRAM	0	2,013,598	0	0
	12) DEPT. FACILITIES MGMT..	4,378,613	9,418,946	0	4,275,048
	13) OTHERS (Special accounts unredeemed checks)	543,533	47,615	0	588,806

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES			BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
	L	14) ECONOMIC DEVELOPMENT CAB TOURISM - FISH & WILDLIFE (Includes Federal clearing account)	3,916,285	6,644,899	0	5,152,445
	M	TOURISM - DEPT. PARKS (Operation reserve)	1,148,671	2,719	0	1,151,391
	N	CABINET FOR UNIVERSITIES				
		1) U of K (Investments & basic coverage insurance fund) (Does not include balances for \$27,000,000 investment activity)	18,473	2,016,115	7,433,000	1,656,331
		2) U of L (Basic Coverage)	156,940	474,523	0	469,963
	O	WORKFORCE DEVELOPMENT CABINET	1,000	0	0	1,000
15		TOTALS	151,334,718	4,077,342,261	7,681,032,402	344,909,863
		(COST TRANSACTIONS WITH KENTUCKY UNDER SPECIAL FUNDS) CABINET FOR GENERAL GOVERNMENT				
	A	COUNTY SHERIFFS				
		1) JEFFERSON CO.	1,873,099	6,248,191	1,105,514	0
		2) KENTON CO.	237,377	1,133,752	87,062	0
		3) CAMPBELL CO.	146,982	584,515	33,245	0
		4) FAYETTE CO.	639,070	1,569,517	416,824	0
		5) DAVIESS CO.	276,017	848,947	416,824	0
		6) PIKE CO.	215,973	452,288	272,600	
	B	COUNTY COURT CLERKS				
		1) JEFFERSON CO.	252,290	6,316,075	37,588	0
		2) KENTON CO.	36,141	1,006,836	94,237	0
		3) CAMPBELL CO.	40,362	659,593	21,528	0
		4) FAYETTE CO.	106,904	2,299,573	463,676	0
		5) DAVIESS CO.	36,887	762,118	126,763	0
		6) PIKE CO.	25,090	724,494	58,769	0
	C	COUNTY FISCAL COURT				

NAME OF FUND UNDER STATE AGENCY OR QUASI-STATE GOVERNMENT ENTITIES			BEGINNING BALANCE JUNE 30, 1990	FY 90/91 RECEIVED ANNUALLY	JUNE 30, 1990 INVESTMENT BALANCE	ENDING BALANCE JUNE, 1991
		1) JEFFERSON CO.	0	3,121,448	0	0
		2) KENTON CO.	29,582	595,939	2,743	0
		3) CAMPBELL CO.	2,567	364,357	2,595	0
		4) FAYETTE CO.	0	1,118,440	0	0
		5) DAVIESS CO.	0	398,671	0	0
		6) PIKE CO.	8,337,045	64,272,303	10,803,334	0
		SUB TOTAL	12,255,386	92,477,057	13,943,302	0
		GRAND TOTAL	163,590,104	4,169,819,318	7,694,975,704	344,909,863

SOURCE: Prepared by Program Review staff from data provided by the Finance & Administration Cabinet, including "The Commonwealth of KY Comprehensive Annual Financial Report," "The Supplemental Information Report to the KY CAFR," FAC, Div. of Accounts' "2170 Report," "Annual Report KY Retirement Systems."

Identifiable Off-Budget Funds Total \$4 Billion in FY '91

The off-budget funds listed in Table 4.1 are those funds administered by quasi-governmental units for their own purposes. Off-budget funds reported in Table 8 show a total ending balance of approximately \$345 million for the fiscal year ending June 1991, with revenue receipts of \$4.2 billion.

According to data contained in the Finance & Administration Cabinet's "Agency Investment Report", and "the Investment Security Portfolio," funds invested for off-budget Entities total \$8.3 billion for FY 90-91. This figure includes the various retirement systems, which total \$7.96 billion, or 96% of funds. Of the \$4.2 billion total funds received in FY '91, \$2.4 billion, or 57%, are funds annually received by the retirement systems.

Other quasi-governmental entities operate and control considerable funds that are not included in Table 8 because they are not invested or administered through the state treasurer or Finance and Administration cabinet. These include:

- Foundations within the public university systems, including athletic, scholastic, research and the physical plant, and the hospital and medical complex operating trusts;
- Credit union funds invested, out on loan, or held in cash;
- School Facilities Construction Commission bond proceeds;
- The KY Housing Corporation bond proceeds invested, out on loan, or held in cash; and
- City/county housing authorities, who disburse federal HUD dollars regionally through private sector housing assistance or within publicly owned housing.

CHAPTER 5

PROBLEMS AND NEEDS

Oversight of Off-Budget Entities

This chapter is an investigation of restricted-use funds and those off-budget funds of quasi-governmental entities, identifying some barriers to their use for other governmental purposes. The extent of these funds is substantial. In 1991-92, agency receipts exceeded \$675 million, and when earmarked taxes, agency receipts and off-budget funds are all combined, over \$4 billion is identified. This total does not include government retirement system funds.

In recent years, Kentucky and many other states have realized that revenues aren't keeping pace with demand for governmental services. Legislatures must increasingly consider all funding avenues before resorting to tax increases. Kentucky is no exception. However, the restricted nature of these funds generally prevents surpluses being channeled to other purposes, regardless of any greater need, and restrictions on fund use may perpetuate greater program funding levels than are actually needed. Surplus funds are held captive.

Minimal reporting requirements on these funds and their uses frequently means that budget oversight and quality and cost control are neglected. Solving these problems would require altering present statutes and administrative regulations.

The Legislature may be satisfied that the agencies are operating within the scope of legislative intent, and therefore conclude that those agencies should retain control of present funds. It may, however, prefer to institute a mechanism for the ongoing monitoring of agencies' fiscal activities, including annual audit reporting.

The Kentucky Debt Capacity Task Force released a report that included a statement of concern that sufficient legislative or executive oversight of the fiscal and debt-incurring activities of these agencies or entities does not exist.

Some limited legislative oversight does exist for several off-budget entities. The Appropriations and Revenue and Capital Projects and Bond Oversight Committees hear reports from several of these entities (including the Kentucky Development Finance Authority and the Kentucky Housing Corporation) during the budget request process and when their bonds are being processed for issuance under the agencies' debt-incurring authority.

The Legislature considers and passes legislation during most sessions that affects the state contribution, eligibility, or retirement payments to members of the Kentucky retirement systems. However, it has not focused on oversight of their investments or the administration of the funds.

The Division of Accounts publishes annual cash transactions in its 2170 Report and supplemental reports. These reports provide information on expenditure and revenue transactions of off-budget entities that detail beginning and ending balances by fiscal year and fund.

Some off-budget, quasi-government agencies choose to release annual reports, but these seldom include an extensive review of revenues and expenditure. More detailed auditing or 5-10 year sunset reviews of off-budget quasi-state governmental entities may provide more scrutiny and oversight. Some off-budget entities are now required by statute to be independently audited (as with the Kentucky Lottery Corporation). A percentage of off-budget fund sources could be characterized as state revenues, in the form of fees, licenses, or permits, and should therefore be identified in the budget.

Identifying Cash and Investment Balances Held by Agencies is Difficult

While the state annual and supplemental reports do provide information on agencies' fiscal year beginning and ending cash account balances and revenues received within the year, they do not reflect a true picture of all funds expended, invested, or under the control of these entities or agencies.

Many agencies deposit their receipts in the state's overnight investment pool, along with all other state revenues received by the State Treasurer that are not allotted to another account. Periodically, the agencies request payment of investment income, based on an estimate of the amount of funds they have invested. The Office of Investment and Debt Management and the State Treasurer claim to pursue an aggressive investment program, maximizing investments within time and volume allowances, to keep the state's dollars earning at their greatest potential. While this is the rightful mission of OIDM, it admits difficulty in determining specifically whose funds are invested and for how

long. An agency may declare it has \$2 million in agency receipts invested during a quarter and request payment of investment income for that period. It may receive a return for the full \$2 million, even though it may in fact have expended 3/4 of the funds during the quarter. Such an overpayment would be at the expense of other general fund proceeds in the overnight investment pool.

Two factors could explain why overpayment of investment income would not be easily detected.

- All investment income is new money not reflected in any existing fund balance on record.
- As the state acquires new revenues from taxes and fees (daily), they are moved to accounts for allotment or investment. Revenues collected could be invested overnight or for longer duration.

APPENDIX A

Earmarking for Local Government Fiscal Year 1988

State	Type of Tax	Percent Dedicated	Recipient
New England			
Maine	General sales	5.1	Local government
	Personal/corporation income	5.1	Local government
New Hampshire	Gasoline	12.0	Municipalities
Rhode Island	Personal income	6.1	Cities and towns
	General sales	6.1	Cities and towns
	Pari-mutuel	30.0	Cities and towns
Mid-Atlantic			
Maryland	Property	78.0	Local government (and other)
	Alcoholic beverage	36.0	Local government
	Tobacco	23.0	Local government
	Horse racing	67.0	Local government (and other)
New Jersey	Public utilities	78.0	Municipalities
	Realty transfer	50.0	Housing-counties
	Insurance	12.0	Counties and cities
	Bank stock	20.0	Counties and cities
Pennsylvania	Foreign fire insurance	100.0	Municipal pensions
	Foreign casualty insurance	100.0	Municipal pensions
	Oil company franchise	5.0	Local roads
Great Lakes			
Illinois	Personal/corporation income	8.3	Cities and counties
	Motor fuel	46.4	Local highways
	Inheritance	6.0	Distributed to county of residence
Indiana	Tobacco	29.0	Local police pensions
		0.2	Cities and towns
	Alcoholic beverage	7.0	Local police pensions
		18.5	Cities and towns
Michigan	Motor fuel	8.2	Local roads
	Death and gift	8.0	Collecting county
	Intangibles	22.5	Counties
	General sales	15.0	Local government
	Liquor	29.7	Local government
	Pari-mutuel	86.6	Local government
	Personal income	6.9	Local government
	Single business	13.3	Local government
	Intangibles	11.9	Local government
	General sales	4.5	Local Government Fund ^c
Ohio	Pari-mutuel	23.9	Local government
	Personal income	6.3	Library and local government
		4.5	Local Government Fund
	Corporate income	4.5	Local Government Fund
	Motor fuel	24.0	Local highways
	Motor vehicle license	61.0	Counties
		6.0	Townships
	Alcoholic beverages	80.0	Local government
	Intangibles	62.1	County Local Government Fund

	Public utilities	4.5	Local Government Fund
Wisconsin	Real estate transfer	20.0	Counties
Plains			
Iowa	Franchise	40.0	Counties
		60.0	Cities
	Real estate transfer	24.9	Counties
	Motor vehicle registration	2.6	Counties
Kansas	General sales	4.0	Local government
		2.9	Cities and counties
	Alcoholic beverage	19.3	City or county of origin
	Motor fuel	40.5	Local highways
	Motor vehicle registration	6.1	Counties
	Motor carrier property	100.0	City/county highways
	Bingo	37.5	County/city or origin
	Severance	3.5	Counties
Minnesota	Motor vehicle registration	29.0	County state-aid highways
		9.0	Municipal roads
	Gasoline	29.6	County state-aid highways
		9.0	Municipal state-aid roads
	Mortgage and deed	100.0	County AFDC offset
	Taconite production	23.0	Counties
		19.0	Property tax relief
		13.3	Cities and towns
Missouri	Financial institution	98.0	Local government
	Motor fuel	15.0	City roads
		10.0	County roads
	Motor vehicle registration	6.0	City roads
		4.0	County roads
Nebraska	Insurance	15.0	Counties
		15.0	Cities
	Motor fuel	37.8	County and city highways
	Motor vehicle registration	23.3	County roads
		23.3	City roads
	Motor vehicle sales	23.3	County roads
		23.3	City roads
North Dakota	Cigarette	11.0	Cities
	Vehicle and aviation fuel	23.0	County highways
		14.0	City highways
	Death and gift	100.0	County/city of origin
	Oil and gas production		^d County of origin
	Coal severance	33.0	Coal-producing counties
	Coal conversion		^e County/city of origin
South Dakota	Inheritance	10.0	Counties
	Bank franchise	73.3	Counties
	Energy severance	50.0	Counties
	Liquor	25.0	Counties
	License plate	96.0	Counties
Southeast			
Alabama	Severance	44.2	Counties
	Alcoholic beverage	5.6	Counties
		2.8	Cities
	Motor fuel	42.9	Counties/cities

Arkansas	Petroleum inspection	13.7	Counties
		2.8	Cities
	Motor vehicle registration	20.4	Counties/cities
	Pari-mutuel	5.0	County/city of origin (and other)
	Motor fuel	15.0	County roads
		15.0	City roads
	Severance	25.0	Counties
	Motor vehicle registration	15.0	City roads
		15.0	County roads
	Ton/mile	15.0	City roads
Florida		15.0	County roads
	Driver search	15.0	County roads
		15.0	City roads
	Title transfer	15.0	County roads
		15.0	City roads
	Motor boat registration	44.0	Counties
	General sales	9.0	Local government
	Tobacco	48.8	Cities
		3.8	Counties
	Insurance	24.2	Municipal police and fire
Louisiana	Pari-mutuel	23.4	Counties
	Alcoholic beverage	1.1	Cities
		1.0	Counties
	Motor fuel	18.2	City highways
		18.2	County highways
	Motor vehicle registration	5.7	Local government
	Motor boat license	28.2	Local boating projects
	Intangibles	54.4	Counties
	Solid minerals	5.1	Counties
	Oil and gas	14.0	Counties
Mississippi	Pari-mutuel	22.4	Parish/municipal
	Insurance	5.7	Fire departments
	Beer	100.0	Collecting parish
	Tobacco	12.2	Cities (in amount appropriated)
	Motor fuel	0.4	Ports (local)
	Severance	5.4	Parishes
	General sales	0.4	Tourism (local)
	General sales	16.9	Municipalities
	Insurance	5.7	Municipalities
		2.1	Counties
North Carolina	Alcoholic beverage	2.7	Municipalities
	Oil severance	18.1	Counties
	Gas severance	33.2	Counties
	Motor fuel	28.5	Counties
	Title	50.0	Counties
	Auto privilege	6.0	Counties
	Beer and wine	15.9	Cities
		11.2	Counties
	Alcoholic beverage	2.6	Counties, rehabilitation
		4.3	County, law enforcement
		3.7	County, alcohol education
		34.4	County/city distribution

South Carolina	Public utilities	49.2	Cities
	General sales and use	0.3	Local government
	Corporation income	11.3	County school facilities
	Motor fuel	10.4	Cities and road construction
	Alcoholic beverage	31.6	Local government
	Bank	45.4	Local government
	Beer and wine	16.9	Local government
	Personal income	6.5	Local government
	Corporation income	6.5	Local government
	Insurance	21.4	Local government
Tennessee	Motor fuel	84.8	Local government
	Motor transport	26.4	Local government
	Bingo	100.0	Local government
	General sales	4.6	Cities
	Gross receipts	19.6	Counties
		7.6	Cities
	Beer	10.2	Counties
		10.2	Cities
	Alcoholic beverage	17.6	Counties/cities
	Personal income	35.0	Counties/cities
Virginia	Excise	1.3	Cities
		2.1	Counties
	Gasoline	13.8	Cities
		27.7	Counties
	Motor fuel	9.9	Cities
		19.7	Counties
	Petroleum products	12.9	Counties
		20.8	Cities
	Severance	93.3	Counties/cities
	Mixed drinks	16.7	Counties
West Virginia		31.5	Cities
	Alcoholic beverage	67.0	Cities and counties
	Bank franchise	80.0	Local government
Southwest	Insurance	100.0	Municipal police and firefighters' pensions
	Liquor	100.0	Counties and municipalities
	Coal severance	100.0	Counties
	Municipal liquor	100.0	Cities and counties
Arizona	General sales	13.0	Counties
		8.5	Cities
	Personal income	13.0	Cities
	Corporation income	13.0	Counties
	Motor fuel	33.5	Cities and towns
		20.0	Counties
	Motor fuel	36.0	Cities, towns and counties
	Motor vehicle license	20.5	Counties
		19.4	Cities and towns
	Operator's license	33.5	Cities and towns
		20.0	Counties
	Motor carrier	33.5	Cities and towns
		20.0	Counties

New Mexico	Compensating (use) tax	8.2	Small cities
		10.0	Small counties
	Insurance	6.3	Local law enforcement
	Motor vehicle excise	25.0	County and City Road Fund
	Motor fuel	10.8	Counties and cities
		3.3	County Road Fund
	Special fuels	5.1	Counties and cities
	Motor vehicle registration	20.0	County Road Fund
		13.5	Counties and cities
	Driver's license	2.6	County Road Fund
Oklahoma		2.1	Counties and cities
		7.9	Cities and other
	Alcoholic beverage	12.9	Cities and towns
	Motor vehicle excise	12.9	County roads
		2.9	Cities and towns
	Motor fuel	35.0	County roads
		4.0	Cities and towns
	Motor vehicle registration	2.9	Cities and towns
		12.9	County roads
	Oil and gas severance	7.0	County roads
Texas	Mixed drinks	11.6	Cities
		12.4	Counties
	Motor fuel	0.5	Local highways
	Tobacco	3.6	Local parks
Rocky Mountain			
Colorado	Cigarette	27.0	Local governments ^f
	Severance	50.0	Local Government Impact fee ^f
Idaho	General sales	7.8	Cities
		6.0	Counties
	Alcoholic beverage	6.7	Counties
		10.0	Cities
Montana	Motor fuel	32.3	Local highways
	Insurance	16.7	City police, firemen
	Alcoholic beverage	19.2	Cities and counties
	Corporation income	8.7	Counties
	Video gaming	63.6	Local government
	Motor fuel	13.7	Local highways
Far West			
Alaska	Public utilities	100.0	Borough/city government
	Fuel (aviation)	60.0	City of origin
	Fish	25-50.0	City of origin
	Corporation income	30.9	Municipal assistance
California	Tobacco	25.0	Cities
		5.0	Counties
	Motor fuel	47.0	City and county highways
	Motor vehicle license	39.0	Cities
Hawaii		56.0	Counties
	Motor vehicle	41.6	Counties
	Real property	100.0	Counties
Nevada	General Sales	17.2	Counties
		15.1	Cities
		6.5	Special districts

Oregon	Cigarette	44.0	Cities
		6.6	Counties
	Alcoholic beverage	12.7	Cities
		1.9	Counties
	Gasoline	26.9	Counties, cities and towns for highways
	Tobacco	7.0	Cities
		7.0	Counties
	Alcoholic beverage	30.7	Cities
		9.1	Counties
	Motor fuel	18.9	Counties
Washington		11.9	Cities
	Motor vehicle registration	7.0	Counties
		4.4	Cities
	Motor carrier	17.1	Counties
		10.7	Cities
	Operator's license	8.1	Counties
		5.0	Cities
	Timber severance	100.0	Offset local property tax
	Property in-lieu	100.0	Local government
	Alcoholic beverage	21.8	Cities and counties
	Motor fuel	19.0	City highways
		22.3	County highways
	Vehicle Excise	8.9	Cities and towns
		4.8	Municipal sales and use tax equalization
		1.5	Counties
	Timber excise	55.0	Local government

NOTES:

This table is based upon survey results from 45 states.

a. Those Island: This was capped at 5.1 percent in FY 1989.

b. Illinois: Motor fuel tax is earmarked through a complicated formula.

c. Ohio: Tax revenues received by the Local Government Fund are disbursed by the counties to the various localities.

d. North Dakota: Up to \$1 million in collections, 60 percent go to counties; between \$2 million and \$2 million, 40 percent go to counties.

e. North Dakota: .25 mill per Kwh plus an annual fixed fee of .25 mill times 60 percent of yearly capacity.

f. Colorado: Statutorily, local governments are apportioned an amount equal to 27 percent of the proceeds. The funds are distributed to cities and towns in proportion to the amount of state sales tax collected in a jurisdiction relative to all state sales taxes collected. Funds are distributed to counties based on the percentage that collections in the unincorporated area of the county bear to sales tax revenues statewide.

Note: N/A - not applicable.

SOURCE: 1954 and 1964, Tax Foundation, Earmarked State Taxes; 1979, Montana, Office of the Legislative Fiscal Analyst, memo (March 19, 1980); 1984, NCSL surveys conducted in 1985, 1986, and 1988, NCSL survey conducted in 1989. Prepared and provided by National Conference for State Legislatures, "Earmarking State Taxes, Sept. 1990, amended by Program Review staff to include Kentucky data.

APPENDIX B

STATES THAT EARMARK SPECIFIC TAXES FISCAL YEAR 1988

Motor Fuel (45 states)

Kentucky &

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Louisiana, Kansas, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin

Motor Vehicle Registration (35 states)

Kentucky &

Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Hawaii, Idaho, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Washington, West Virginia, Wisconsin

Alcoholic Beverage (29 states)

Alabama, Arizona, Arkansas, Colorado, Florida, Idaho, Indiana, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Montana, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Virginia, Washington, West Virginia

General Sales or Gross Receipts (26 states)

Alabama, Arizona, California, Colorado, Connecticut, Florida, Hawaii, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Michigan, Mississippi, Missouri, Nevada, New Mexico, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Washington

Insurance (27 states)

Kentucky &

Alabama, Arizona, Arkansas, Colorado, Delaware, Florida, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Washington, West Virginia

Tobacco (25 states)

Kentucky &

Alabama, Alaska, Arizona, California, Colorado, Florida, Idaho, Illinois, Indiana, Louisiana, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Tennessee, Texas

Severance (22 states)

Kentucky &

Alabama, Alaska, Arkansas, Colorado, Kansas, Louisiana, Minnesota, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Washington, West Virginia, Wisconsin

Operator's License (19 states)

Kentucky &

Arizona, California, Colorado, Florida, Idaho, Kansas, Maine, Missouri, Montana, Nevada, New Mexico, North Dakota, Oregon, South Carolina, Virginia, Washington, West Virginia, Wisconsin

Personal Income (15 states)

Alabama, Arizona, Hawaii, Idaho, Illinois, Kansas, Maine, Michigan, Montana, New Jersey, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee

Corporation Income (14 states)

Alabama, Alaska, Arizona, Idaho, Indiana, Illinois, Maine, Maryland, Michigan (single business tax), Minnesota, Montana, North Carolina, Ohio, South Carolina

Public Utilities (12 states)

Alabama, Alaska, California, Florida, Idaho, Montana, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Texas

Pari-mutuel (12 states)

Kentucky &

Arizona, Arkansas, California, Florida, Illinois, Louisiana, Maine, Michigan, Minnesota, New Jersey, Ohio

Property (10 states)

Alabama, Hawaii, Kansas, Maryland, Montana, North Dakota, Nevada, New Mexico, Washington, Wisconsin

SOURCE: Prepared by Program Review Staff from data provided by National Conference of State Legislatures, "Earmarking State Taxes," Sept. 1990, Martha A. Fabricius, and Ronald K. Snell.

This table is based upon survey results from 45 states with Kentucky data included by Program Review staff.

